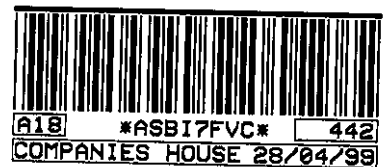


HELPING HANDS CARE LIMITED

(Registered No. 02757588)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998



HELPING HANDS CARE LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 1998

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

1. Principal activity and review of the business

The principal activity of the Company is the provision of domiciliary care. The directors consider the development of the Company during the year to be satisfactory, and do not foresee any significant changes in the forthcoming year.

2. Results and dividends

The profit for the year, after taxation, amounted to £44,539 (7 months to 31 December 1997 - £10,454). No dividend is proposed for the year (1997 - £ nil).

3. Directors and directors' interests

The names of persons who were directors at any time during the year are as follows:

J P Davies	
M Ellerby	- appointed 27 March 1998
G Smith	
N R Taylor	- appointed 4 February 1999
A D Walford	- appointed 4 February 1999
I Fozard	- resigned 25 September 1998
F A Kee	- resigned 4 February 1999
J G Wheaton	- resigned 28 August 1998

There were no directors' interests in the shares of the Company at 31 December 1998.

HELPING HANDS CARE LIMITED

REPORT OF THE DIRECTORS

for the year ended 31 December 1998 - continued

4. Year 2000

BUPA has a programme to minimise the risks associated with the impact of the millenium bug on its systems and equipment. The objective is to ensure that all critical systems and equipment are fully compliant by mid 1999. The programme has identified all systems and equipment that are date sensitive and categorised them between those to be upgraded and those to be replaced. BUPA has also assessed the possible impact on its businesses, of systems and equipment failure which may be experienced by our customers and suppliers, by means of formal communication with those parties. Contingency plans are being prepared to mitigate disruption that might arise from unexpected system and equipment failures over the period of possible risk.

The compliance programme is being carried out by a dedicated team of technical and business staff led by the Group IS Director. Progress is reported to the Board and to the Audit Committee on a regular basis.

In accordance with UITF Abstract 20 all costs of enhancing equipment beyond its original estimated life will be capitalised. Other modification costs will be charged to the provision established by the Group in 1997. As at 31 December 1998 the programme is on schedule and £8.1m has been charged against the provision. It is anticipated that the eventual costs required to achieve compliance will not exceed the remainder of the provision (£8.9m).

BUPA is taking all reasonable steps to mitigate disruption to our services, customers and hospital patients and care home residents. Due to the nature of the Year 2000 issue it is not possible to state categorically that BUPA will be fully compliant over the critical period.

5. Auditors

During the financial year an elective resolution not to re-appoint auditors annually was duly passed pursuant to S386 of the Companies Act 1985. Accordingly, KPMG Audit Plc will continue in office as auditors of the Company.

Registered Office :

Bridge House
Outwood Lane
Horsforth
Leeds
LS18 4UP

11 March 1999

By Order of the Board



M Ellerby
Director

HELPING HANDS CARE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the auditors' report set out on page 4, is made for the purpose of clarifying the respective responsibilities of the directors and the auditors in the preparation of the financial statements.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently ;
- make judgements and estimates that are reasonable and prudent ;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements ; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HELPING HANDS CARE LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF HELPING HANDS CARE LIMITED

We have audited the financial statements set out on pages 5 to 13.

Respective responsibilities of directors and auditors

As described on page 3, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.


We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Leeds

11 March 1999



KPMG Audit Plc
Chartered Accountants
Registered Auditor

HELPING HANDS CARE LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1998

	<i>Note</i>	Year to 31 December 1998 £	7 months to 31 December 1997 £
Turnover		162,690	118,952
Operating expenses		(91,319)	(104,581)
Operating profit		<u>71,371</u>	<u>14,371</u>
Interest receivable and similar income	4	95	2,147
Interest payable and similar charges	5	(801)	(220)
Profit on ordinary activities before taxation	6	<u>70,665</u>	<u>16,298</u>
Tax on profit on ordinary activities	7	(26,126)	(5,844)
Retained profit for the financial year		<u>44,539</u>	<u>10,454</u>

The operating profit is all derived from continuing operations.

There were no recognised gains and losses other than the profit for the financial year.

HELPING HANDS CARE LIMITED

BALANCE SHEET

as at 31 December 1998

	<i>Note</i>	1998 £	1997 £
Fixed assets			
Tangible assets	8	-	13,035
Current assets			
Stocks		5,627	11,411
Debtors		51,009	42,414
Debtors due within one year	9	40,168	35,698
Debtors due after one year	9	10,841	6,716
Cash at bank and in hand		99,225	170,813
		<hr/> 155,861	<hr/> 224,638
Creditors: amounts falling due within one year	10	(9,534)	(197,047)
Net current assets		<hr/> 146,327	<hr/> 27,591
Total assets less current liabilities		<hr/> 146,327	<hr/> 40,626
Creditors: amounts falling due after more than one year	11	(61,162)	-
		<hr/> 85,165	<hr/> 40,626
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account	13	85,163	40,624
Equity shareholders' funds		<hr/> 85,165	<hr/> 40,626

These financial statements were approved by the Board of Directors on 11 March 1999 and were signed on its behalf by

N R Taylor
Director



The accounting policies and notes on pages 8 to 13 form part of these financial statements.

HELPING HANDS CARE LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31 December 1998

	Year to 31 December 1998 £	7 months to 31 December 1997 £
Profit for the financial year and net addition to shareholders' funds	44,539	10,454
Opening shareholders' funds	40,626	30,172
Closing shareholders' funds	<u>85,165</u>	<u>40,626</u>

HELPING HANDS CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1998

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting convention and on a going concern basis.

As the Company is a wholly owned subsidiary undertaking it is exempt from the requirements of Financial Reporting Standard No.8 to disclose details of transactions with other members of the BUPA group of companies.

(b) Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard No 1 (Revised 1996) to prepare a cash flow statement as it is a wholly-owned subsidiary undertaking of The British United Provident Association Limited, and its cash flows are included within the consolidated cash flow statement of that company.

(c) Turnover

Turnover represents income received from franchisees of which the basis for calculating is a percentage of the franchisees total turnover.

(d) Fixed assets and depreciation

The Company's policy is to provide depreciation rates which are calculated to write off the cost of each tangible fixed asset less its estimated useful life:

Leasehold land and buildings	- term of the lease
Motor vehicles	- 3 - 10 years
Fixtures, fittings & equipment	- 3 - 10 years

(e) Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that a liability will crystallise. It is expected that trading losses surrendered will be made on a full payment basis.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value.

Cost means purchase price, less trade discounts, calculated on an average basis. Net realisable value means estimated selling price, less trade discounts, and less all costs to be incurred in marketing, selling and distribution.

HELPING HANDS CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1998

2. ULTIMATE HOLDING COMPANY

The Company is a wholly owned subsidiary of Goldsbrough Limited, a company registered in England and Wales.

The ultimate holding company is The British United Provident Association Limited (BUPA), in whose accounts these financial statements are consolidated. A copy of BUPA's consolidated financial statements are available to the public from The Registrar of Companies, Cardiff, CF4 3UZ.

3. STAFF COSTS AND DIRECTORS' REMUNERATION

Employees

The average number of persons employed by the Company during the year, analysed by category, was as follows:

	Number of employees	
	Year to 31 December 1998	7 months to 31 December 1997
Office and Management	3	5
<hr/>		
	Year to 31 December 1998	7 months to 31 December 1997
The aggregate payroll costs of these persons were as follows:	£	£
Wages and salaries	26,953	37,900
Social security costs	805	1,132
	<hr/>	<hr/>
	27,758	39,032
	<hr/>	<hr/>

No remuneration was paid to any of the directors for the year (1997 - £nil).

HELPING HANDS CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1998

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year to 31 December 1998 £	7 months to 31 December 1997 £
Bank interest	95	-
Receivable from Group undertakings	-	2,147
	<hr/> 95	<hr/> 2,147

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 31 December 1998 £	7 months to 31 December 1997 £
Bank Interest	801	220
	<hr/>	<hr/>

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year to 31 December 1998 £	7 months to 31 December 1997 £
<i>Profit on ordinary activities is stated after charging:</i>		
Depreciation and other amounts written off tangible fixed assets :		
Owned	3,775	692
Leased	4,560	3,551
	<hr/>	<hr/>

HELPING HANDS CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1998

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year to 31 December 1998 £	7 months to 31 December 1997 £
The taxation charge is based on the result for the year:		
UK corporation tax at 31% (1997 - 31%)	24,050	5,844
Taxation underprovided in previous periods		
UK Corporation tax	2,076	-
	<u>26,126</u>	<u>5,844</u>

8. TANGIBLE FIXED ASSETS

Cost	Short Leasehold Property £	Motor Vehicle £	Fixtures, fittings & equipment £	Total £
At 31 December 1997	14,668	11,003	9,236	34,907
Transfer to group company	(14,668)	(11,003)	(9,236)	(34,907)
At 31 December 1998	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation				
At 31 December 1997	10,108	8,313	3,451	21,872
Charge for the year	4,560	2,690	1,085	8,335
Transfer to group company	(14,668)	(11,003)	(4,536)	(30,207)
At 31 December 1998	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value				
At 31 December 1998	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 1997	<u>4,560</u>	<u>2,690</u>	<u>5,785</u>	<u>13,035</u>

HELPING HANDS CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1998

9. DEBTORS

	1998 £	1997 £
Amounts falling due within one year:		
Trade debtors	15,775	15,659
Corporation tax	7,712	-
Other debtors and prepayments	16,681	20,039
	<hr/> 40,168	<hr/> 35,698
Amounts falling due after more than one year:		
Amounts owed by fellow Group undertakings	<hr/> 10,841	<hr/> 6,716

10. CREDITORS - amounts falling due within one year :

	1998 £	1997 £
Trade creditors	940	-
Amounts owed to parent undertaking	-	183,825
Taxation and social security	8,594	3,516
Corporation Tax	-	7,951
Other creditors and accruals	-	1,717
Hire purchase creditor	-	38
	<hr/> 9,534	<hr/> 197,047

11. CREDITORS - amounts falling due after more than one year :

	1998 £	1997 £
Amounts owed to parent undertaking	<hr/> 61,162	<hr/> -

HELPING HANDS CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1998

12. SHARE CAPITAL

	1998 £	1997 £
Authorised		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called-up and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

13. RESERVES

	Profit and loss account £
At 31 December 1997	40,624
Retained profit	44,539
At 31 December 1998	<u>85,163</u>

14. CONTINGENT LIABILITIES

The Company has given a guarantee and other undertakings, as part of the Group banking arrangements, in respect of the overdraft of certain other Group undertakings.
Under a group registration the Company is jointly and severally liable for value added tax due by certain other group companies.